Supreme Court, U. S.
F I L E D
APR 18 1997
CLERK

No. 96-1483

In The

Supreme Court of the United States

October Term, 1996

ADVANCED SEMICONDUCTOR MATERIALS AMERICA, INC., EPSILON TECHNOLOGY, INC. d/b/a ASM EPITAXY,

Petitioners,

vs.

APPLIED MATERIALS, INC.,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

MATTHEW D. POWERS
Counsel of Record
EDWARD R. REINES
WEIL, GOTSHAL & MANGES LLP
2882 Sand Hill Road, Suite 280
Menlo Park, CA 94025
(415) 926-6200
Attorneys for Respondent Applied Materials, Inc.

COCKLE LAW BRIEF PRINTING CO., (800) 225-6964
OR CALL COLLECT (402) 342-2831

QUESTION PRESENTED FOR REVIEW

Whether the petition for certiorari should be denied where: (1) the double patenting defense presented by petitioner is not of compelling public interest because of recent "GATT" legislation providing that all patents deriving from a patent application expire twenty years from the original filing date, (2) the petitioner waived the argument on which the petition is based by conceding below that section 121 can shield a patentee from a double patenting claim even if that means the public cannot use an expired patent, and now reverses itself, and raises this issue for the first time, and (3) the Federal Circuit's interpretation of section 121 of the Patent Law challenged by the petitioner is consistent with this Court's decisions.

PARTIES TO THE PROCEEDING

Pursuant to Supreme Court Rule 29.6, respondent Applied Materials, Inc. reports that it has no parent companies and no non-wholly owned subsidiaries.

TABLE OF CONTENTS

Page

STATEMENT OF THE CASE 1

REASONS FOR DENYING THE PETITION 3

I. Legislation Has Effectively Eliminated ASM's Double Patenting Argument 3

II. ASM Has Waived Its Double Patenting Argument By Failing To Raise It Until Now 6

III. There Is No Conflict Between This Court's Precedent And The Federal Circuit's Interpretation Of Section 121 10

A. A Patent Grants The Right To Exclude, Not The Right To Use 11

B. Section 121 Protects Inventors From The Unfairness Of Invalidating Patents Because Of Patent Office Errors 14

1. The Text Of Section 121 Plainly Protects Inventors From Double Patenting Claims 14

2. The Courts Have Consistently Held That Section 121 Protects Inventors From Double Patenting Claims 15

3. The Patent Office Interprets Section 121 To Protect Inventors From Double Patenting Claims 16

4. The Legislative History Of Section 121 Establishes That Section 121 Protects Inventors From Double Patenting Claims 17

CONCLUSION 20

TABLE OF AUTHORITIES

Page

FEDERAL CASES

Adickes v. S. H. Kress & Co., 398 U.S. 144 (1970) 6

Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141 (1989) 13

Brulotte v. Thys Co., 379 U.S. 29 (1964) 13

Ex parte Camarata, 151 U.S.P.Q. 739 (Pat. Off. Bd. App. 1966) 16

Cantrell v. Wallick, 117 U.S. 689 (1886) 11

Cardinale v. Louisiana, 394 U.S. 437 (1969) 7

Crown Die & Tool Co. v. Nye Tool & Machine Works, 261 U.S. 24 (1923) 11

In re Heinle, 342 F.2d 1001 (C.C.P.A. 1965) 12

Kellogg Co. v. National Biscuit Co., 305 U.S. 111 (1938) 13

Litton Sys., Inc. v. Whirlpool Corp., 728 F.2d 1423 (Fed. Cir. 1984) 17

Ex parte Nantz, 141 U.S.P.Q. 523 (Pat. Off. Bd. App. 1963) 17

Rice v. Sioux City Memorial Park Cemetery, Inc., 349 U.S. 70 (1955) 3

In re Schneller, 397 F.2d 350 (C.C.P.A. 1968) 16

Scott Paper Co. v. Marcalus Mfg. Co., 326 U.S. 249 (1945) 13

Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964) 13

Singer Mfg. Co. v. June Mfg. Co., 163 U.S. 169 (1896) 14

TABLE OF AUTHORITIES – Continued

Page

Studiengesellschaft Khle GmbH v. Northern Petrochemical Co., 784 F.2d 351 (Fed. Cir. 1986) 15

Symbol Tech., Inc. v. Opticon, Inc., 935 F.2d 1569 (Fed. Cir. 1991) 10, 15

Temco Elec. Motor Co. v. Apco Mfg. Co., 275 U.S. 319 (1928) 11

Texas Instruments, Inc. v. United States Int'l Trade Comm'n, 988 F.2d 1165 (Fed. Cir. 1993) 10, 15

Triangle Improvement Council v. Ritchie, 402 U.S. 497 (1971) 4

United States v. Hohri, 482 U.S. 64 (1987) 14

Warner-Jenkinson Co., Inc. v. Hilton Davis Chemical Co., ___ U.S. ___, 117 S.Ct. 1040 (March 3, 1997) 7

In re Zickendraht, 319 F.2d 225 (C.C.P.A. 1963) 16

FEDERAL STATUTES

35 U.S.C. § 121 ..... *passim*

35 U.S.C. § 154 (1988) (amended 1994) 4

35 U.S.C. § 154(a)(2) (1997) 5, 11

Pub. L. 103-465 § 534, 108 Stat. 4983 (1994) 6

Uruguay Round Agreement Act, Pub. L. No. 103-465, § 532, 108 Stat. 4983 (1994) (current version at 35 U.S.C. § 154(a)(2) (1997)) 5

TABLE OF AUTHORITIES – Continued

Page

OTHER AUTHORITIES

H.R. Rep. No. 1923, 82d Cong., 2d Sess. 20 (1952) 20

H.R. 3760, 82d Cong., 1st Sess. § 120 (1951)..... 19

H.R. 9133, 81st Cong., 2d Sess. § 120 (1950)..... 19

S. Rep. No. 1979, 82d Cong., 2d Sess (1952)..... 20

U.S. Code Cong. & Ad. News 2394 20

Proceedings, Mid-Year Meeting, Section of Patent, Trademark, and Copyright Law, American Bar Association, held March 8-10, 1951, Shoreham Hotel, Wash., D.C., Vol. 1..... 19

STATEMENT OF THE CASE

Respondent Applied Materials, Inc. ("Applied Materials") filed for the patent at issue in this case, U.S. Patent No. 4,496,609 ("the '609 Patent"), in 1969 and the patent did not issue until 1985. This sixteen year delay resulted from (1) the Patent And Trademark Office's ("Patent Office's") decision to require Applied Materials to separate its original '609 Patent application into three different applications (known as a restriction requirement), and (2) the Patent Office's persistent refusal for many years to issue the '609 Patent claims based on prior art rejections even though it is beyond dispute that the '609 Patent is patentable over the prior art.[1]

After the '609 Patent issued in 1985, Applied Materials brought this case against petitioners (collectively referred to herein as "ASM"). ASM asserted many defenses, including a "double patenting" claim. However, the double patenting defense ASM unsuccessfully pursued below is very different from the argument ASM now attempts to make to this Court.

Contrary to the position taken in ASM's Petition, throughout this litigation ASM admitted that under certain circumstances, section 121 of Title 35 shields inventors from double patenting allegations based on a prior patent resulting from the same original application.

---

[1] Both the Federal Circuit and the District Court rejected ASM's prior art defenses. *See* ASM's Petition For Writ Of Certiorari ("ASM's Petition"), Appendix C at C27-43 (concluding that the '609 Patent is not invalid over the prior art); *id.* at Appendix A at A11-15 (affirming District Court's conclusion that the '609 Patent is not invalid).

Specifically, ASM admitted that section 121 shields inventors who have been *forced* by the Patent Office through a restriction requirement – without right of appeal – to pursue in separate applications inventions which the inventors originally claimed in only one application. Indeed, section 121 by its plain terms provides that patents resulting from the Patent Office's forced division of an application cannot be used as the basis of a double patenting argument because of the unfairness which would result.

Rather than arguing – as it does now – that section 121 cannot protect an inventor from a double patenting defense, ASM argued below that Applied Materials should be denied the protection to which it would otherwise be entitled under section 121 because Applied Materials allegedly crossed a "line of consonance" in the Patent Office's division of the original patent application. On this case-specific issue, *all* prior authorities have agreed that Applied Materials did not cross this "line of consonance": the Patent Office (by issuing the '609 Patent), the District Court, and the Federal Circuit. *See* ASM's Petition, Appendix C at C23-27 (finding no double patenting because consonance was not violated); *id.* at Appendix A at A5-10 (affirming District Court's finding that "consonance was not violated").

Before this Court, ASM no longer contends that consonance was violated, and instead performs an about-face and argues that section 121 cannot protect a patentee even if consonance is maintained.

REASONS FOR DENYING THE PETITION

There are three independent reasons why ASM's Petition should be denied. First, legislation has effectively mooted ASM's argument because the 1994 amendments to the patent law now limit the duration of patents to a maximum of twenty years from the filing date of the patent application, regardless of how many patents issue therefrom. Second, ASM waived the argument on which its Petition is based by not raising it below. Third, ASM's argument fails on the merits because the legislative history makes clear that the Federal Circuit's application of section 121 is correct.

I.

Legislation Has Effectively Eliminated ASM's Double Patenting Argument

It is well-settled that a petition for writ of certiorari will be granted only if issues of substantial importance to the public are presented, and such a petition is not properly based on issues which are only relevant to a litigant operating under an obsolete legal regime which has been superseded by legislation. In *Rice v. Sioux City Memorial Park Cemetery, Inc.*, 349 U.S. 70 (1955), this Court clearly articulated this fundamental principle in dismissing a writ of certiorari as improvidently granted:

> [T]his Court does not sit to satisfy a scholarly interest in such issues. Nor does it sit for the benefit of particular litigants . . .
>
> * * *

> [I]n the absence of compelling reason, we should not risk inconclusive and divisive disposition of a case when time may further illumine or completely outmode the issues in dispute.

349 U.S. at 74, 77 (citations omitted). *See also Triangle Improvement Council v. Ritchie*, 402 U.S. 497, 501-02 (1971) (Harlan, J., concurring) (concluding that certiorari should be dismissed as improvidently granted because of statutory changes which limited the significance of the case).

The essence of ASM's Petition is that the Federal Circuit improperly interpreted section 121 to insulate inventors from double patenting claims where multiple patents issue from one original application as a result of Patent Office actions. In straining to pique this Court's interest, ASM argues that the Federal Circuit's implementation of section 121 means that here "the Federal Circuit fully endorsed this 31-year monopoly." ASM's Petition at 11. ASM reasons that this Court's precedents grant competitors the "unfettered right" to use a patented apparatus after the patent expires. Leaving aside the inaccuracy of this assertion, which is addressed in Section III, *infra*, Congress' fundamental overhaul of the way patent terms are calculated has eliminated the speculative concerns on which ASM's Petition is based.

Before recent Congressional actions, United States patents were granted a term of 17 years from the date of *issuance* from the Patent Office. *See* 35 U.S.C. § 154 (1988) (amended 1994). This 17-year term applied regardless of when the inventor originally filed for the patent or even how long the application was pending in the Patent Office. Under the old regime, leaving aside the specifics of double patenting law, it was theoretically possible for

two patents issuing from the same application to create patent terms well in excess of 17 years. For example, assume an application was *filed* in Year 1 and a first patent *issued* from that application in Year 2. If a second patent from that same "Year 1" application eventually issued in Year 18, the cumulative, temporal patent protection granted for patents issuing from the original application could exceed 30 years.

This type of extended temporal coverage is simply impossible under the recent amendments to the patent law. To satisfy its obligations under the "GATT" treaty, the United States was forced to harmonize its "17 years from issuance term" with the prevailing "20 years from filing term" in effect around the world. *See* Uruguay Round Agreement Act, Pub. L. No. 103-465, § 532, 108 Stat. 4983 (1994) (current version at 35 U.S.C. § 154(a)(2) (1997)). Accordingly, on December 8, 1994, Congress amended section 154 to read as follows in pertinent part:

> Subject to the payment of fees under this title, such grant shall be for a term beginning on the date on which the patent issues and **ending 20 years from the date on which the application was filed** in the United States or, if the application contains a specific reference to an earlier filed application or applications under sections 120, 121, or 365(c) of this title, from the date on which the earliest such application was filed.

35 U.S.C. § 154(a)(2) (1997) (emphasis supplied).

Thus, under current law, in the hypothetical example set forth above, all patents issuing from the original patent application would expire simultaneously in Year 21. In fact, it is now impossible for patents stemming

from the same application to be effective for more than 20 years.[2] Likewise, it is impossible for the term of one patent to outlast the term of another if both patents derive from the same application. Consequently, ASM's argument that the Federal Circuit's interpretation of section 121 creates a risk of lengthy "extensions," or deprives the public of the right to use expired patents, even if it were meritorious, is of limited future significance. Indeed, ASM's argument only applies to patents issued before June 8, 1995, the date on which the "20 year term" went into effect. *See* Pub. L. 103-465 § 534, 108 Stat. 4983 (1994).

Given the very small fraction of pre-1995 applications in which the double patenting issue could possibly arise, and the fact that Congress has permanently resolved this issue for all future patents, ASM's argument is hardly a candidate for a historical footnote, much less "cert worthy" for Supreme Court attention.

II.

ASM Has Waived Its Double Patenting Argument By Failing To Raise It Until Now

It is well-established that this Court will not address issues which the petitioner failed to raise below and which, therefore, were never considered by the Court of Appeals. *See Adickes v. S. H. Kress & Co.*, 398 U.S. 144, 148

---

[2] Note that the "20 year term" will never truly provide an inventor with 20 years of patent coverage because, as a practical matter, patents are never granted immediately upon filing. The actual patent term is now 20 years minus the time the application is pending in the Patent Office.

n.2 (1970) (citations omitted) ("Where issues are neither raised before nor considered by the Court of Appeals, this Court will not ordinarily consider them."). This principle is based, among other things, on the fact that if the issue has not been raised below, "the record is very likely to be inadequate." *Cardinale v. Louisiana*, 394 U.S. 437, 439 (1969). This is particularly applicable in this patent case, because the Federal Circuit, which has special expertise in this area, has not been given an opportunity to address ASM's recently-minted double patenting argument. *See Warner-Jenkinson Co., Inc. v. Hilton Davis Chemical Co.*, ___ U.S. ___, 117 S.Ct. 1040 (March 3, 1997) (recognizing that the Federal Circuit is uniquely equipped to deal with issues regarding patent law, which matters are within the "area of its special expertise.").

As previously noted, ASM's Petition raises issues which ASM squarely conceded below. ASM now argues that "section 121 does not address double patenting" and "the express terms of section 121 do not address double patenting." ASM's Petition at 23, 26. However, ASM admitted below that section 121 protects an inventor from a double patenting claim if the two patents issued as a result of a restriction requirement imposed by the Patent Office. ASM based its double patenting defense solely on the erroneous assumption that the '609 Patent was not "consonant" with the Patent Office's restriction requirement.

In the District Court, ASM made clear that section 121 *does* protect an inventor from double patenting claims and, further, that ASM appreciates the valuable policy behind section 121:

> Section 121 merely embodies the common sense rule that a patentee is *not* guilty of improper double patenting if the Patent Office required the patentee to obtain separate patents.

ASM's Post-Trial Brief, dated August 1, 1993, at 45 (attached hereto as Appendix A) (citations omitted) (emphasis supplied). The dispute at trial was simply an argument about the location of the line of demarcation for the consonance requirement under section 121. *See, e.g.*, ASM's Post-Trial Reply Brief, dated August 20, 1993, at 36 (attached hereto as Appendix B) ("the parties have only one serious dispute on the issue of double patenting – the location of the line of demarcation drawn by the examiner."). The District Court rejected ASM's double patenting defense because the '609 Patent was consonant with the Patent Office's restriction requirement, and the parties agreed that, under those circumstances, the '609 Patent was entitled to the protection of section 121. ASM's Petition, Appendix C at C23-27.

On appeal, ASM admitted that at trial it had presented *only* the consonance issue to the District Court and had not challenged the established law that section 121 protects an inventor against double patenting claims. *See, e.g.*, ASM's Opening Appeal Brief, dated October 21, 1994, at 13 (attached hereto as Appendix C) ("The sole question on double patenting before the district court was where the line of demarcation was drawn . . . "); *id.* at 17 ("The only double patenting issue disputed below was where the line of demarcation was drawn in the PTO restriction requirement."). In fact, on appeal, ASM flatly *admitted* that section 121 protects an inventor from double patenting claims if consonance is maintained:

> Under 35 U.S.C. § 121, if the Patent Examiner concludes that a single patent application claims two or more "independent and distinct" inventions, the Examiner may impose a restriction requirement, forcing the applicant to pursue each such invention through a patent application. **The resulting patent may *not* be used to invalidate each other under the double patenting doctrine, if the patentee carefully abides by the Examiner's restriction requirement.**

Id. (emphases supplied) (citations omitted).

In affirming the District Court's decision, the Federal Circuit found that the District Court had correctly determined that consonance was not violated, and did not address its own settled interpretation of section 121 because it was not asked to do so. *See* ASM's Petition, Appendix A at A5-10. The Federal Circuit thus concluded that there was no double patenting because the '609 Patent was entitled to the protection of section 121.[3] *Id.*

ASM's suggestion to the Federal Circuit for a rehearing *in banc* also focused on the "consonance" issue, and ASM again admitted directly that section 121 *does* protect inventors from double patenting claims. *See* ASM's Petition For Rehearing And Suggestion For Rehearing *In Banc*, dated November 21, 1996, at 1, 7 (attached hereto as Appendix D) (discussing "§ 121 immunity from double

---

[3] The dissent, like ASM, recognized that section 121 provides "immunity" from double patenting. *Id.* at A33 (Archer, C.J., dissenting). The dissent differed from the majority only because it was persuaded by ASM's argument that "consonance" was violated and "the claims have lost the immunity of § 121." *Id.*

patenting" and "§ 121's shield against double patenting").

Simply put, ASM's reversal of its position is total. ASM argues to this Court that the Federal Circuit's section 121 jurisprudence is "shockingly antithetical to this Court's binding precedents." ASM's Petition at 14. However, ASM did not cite even *one* Supreme Court case to the Federal Circuit on the double patenting issue. Similarly, ASM now argues that a consistent line of Federal Circuit decisions regarding section 121 was wrongly decided, including *Texas Instruments, Inc. v. United States Int'l Trade Comm'n*, 988 F.2d 1165, 1179 (Fed. Cir. 1993), and *Symbol Tech., Inc. v. Opticon, Inc.*, 935 F.2d 1569, 1580 (Fed. Cir. 1991). ASM's Petition at 20. Yet, ASM cited these very same cases *approvingly* to the Federal Circuit on the double patenting issue, without even mentioning the supposed conflicts with Supreme Court case law it alleges now.

Accordingly, ASM's Petition should be denied because ASM waived the argument on which its Petition is based.

III.

There Is No Conflict Between This Court's Precedent And The Federal Circuit's Interpretation Of Section 121

ASM wrongly argues that this Court has held that competitors must have an *absolute* right to practice an invention after a patent expires. *See, e.g.*, ASM's Petition at 9 ("this Court has consistently held that the public is free to use the invention of an expired patent *without*

restriction.") (emphases supplied). From this false premise, ASM then argues that section 121 cannot possibly shield an inventor from a double patenting claim despite the plain language of section 121 and the equally clear legislative history and cases interpreting the statute.

A. A Patent Grants The Right To Exclude, Not The Right To Use

ASM's analysis is fundamentally flawed because it confuses the basic nature of a patent by failing to distinguish between the right to exclude and the right to use. As a matter of statute, a patent is simply the right to exclude others from exploiting an invention. 35 U.S.C. § 154(a)(1) (1997); *see also Crown Die & Tool Co. v. Nye Tool & Machine Works*, 261 U.S. 24, 33 (1923) ("All that the government grants and protects is the power to exclude others from making, using, or vending during the grant of 17 years.") (citations omitted). The existence of a patent does *not* automatically grant even the inventor the right to use his own invention. *Id.* at 34, 35. Indeed, as this Court explained in *Crown Die*, other factors, including the existence of other patents, as well as criminal laws, may completely preclude an inventor from using his or her own patented invention. *Id.*; *see also Temco Elec. Motor Co. v. Apco Mfg. Co.*, 275 U.S. 319, 328 (1928) (noting that an improver may be precluded from practicing his improvement by an earlier patent); *Cantrell v. Wallick*, 117 U.S. 689, 694 (1886) ("Two patents may both be valid when the second is an improvement on the first, in which event, if the second includes the first, neither of the two patentees can lawfully use the invention of the other

without the other's consent."). Because *inventors* unquestionably may be precluded by other patents from using their own inventions during the life of their patent, it is simply impossible that the expiration of a patent confers on *non*-inventors the absolute right to use the patented invention.

Indeed, only weeks before submitting its Petition to this Court, ASM itself argued in related litigation that it is "axiomatic" that one patent may dominate over another patent such that inventors themselves may not be entitled to use their own inventions either before or after expiration of a patent:

> [I]t is axiomatic that a product embodying one patent may nevertheless infringe another patent, and therefore cannot be lawfully made or sold absent the consent of the owner of the other patent.

ASMA's Motion To Set Claim Construction Hearing, dated February 13, 1997, at 4 (attached hereto as Appendix E).

In *In re Heinle*, 342 F.2d 1001 (C.C.P.A. 1965), Judge Rich, one of the principal drafters of the 1952 Patent Act, explained this point in detail:

> The issuance of a patent is no guarantee or even a representation that everything disclosed in it is immediately free of patent or other restraints legally created under the law. Should there be such other [dominating] patents still in force when a patent expires, the monopoly of the expiring patent is not "extended"; that monopoly ends and any other patents which may affect the rights of the public to use something the

> expiring patent discloses stand on their own legal foundations. The expiration of a patent is not a guarantee of a right to use. **The right to make, use or vend any given thing may be, and often is, subservient to several patents expiring at different times.**

342 F.2d at 1005 (emphasis supplied) (citation omitted).

While ASM ignores the undeniable fact that dominating patents (which may be owned by a variety of different competitors) routinely preclude the public from using the inventions of both unexpired and expired patents, ASM relies on *dicta* taken out of context from Supreme Court cases that do not relate to double patenting or section 121 at all. Indeed, ASM's cited cases all involve improper efforts to prolong the rights of an expired patent which have *no* basis at all in the patent law generally, or section 121 specifically. *See Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 157 (1989) (holding that state law may not protect designs and utilitarian ideas unprotected by a patent under the guise of "unfair competition" law); *Brulotte v. Thys Co.*, 379 U.S. 29, 32-34 (1964) (finding that an attempt to extract royalties based on a license agreement for a term after a patent expires constitutes patent misuse); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230-31 (1964) (holding that Supremacy Clause of the Constitution precludes a state from applying "unfair competition" law to grant exclusive rights to the manufacture and sale of a product); *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 257-58 (1945) (finding that the licensor of a patent is not estopped to deny liability if sued on that patent if the patent is anticipated by an expired prior art patent and thus invalid); *Kellogg Co. v.*

National Biscuit Co., 305 U.S. 111, 117 (1938) (concluding that if the tradename and tradedress of a patented product becomes generic, the trademark loses its protectable character and competitors may use that tradename for the patented product when the patent expires); *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 203 (1896) (same).

B. Section 121 Protects Inventors From The Unfairness Of Invalidating Patents Because Of Patent Office Errors

The text of section 121, appellate decisions, the Patent Office's rule making, and the legislative history, all establish that section 121 protects a patentee from a double patenting claim resulting from a Patent Office restriction requirement.

1. The Text Of Section 121 Plainly Protects Inventors From Double Patenting Claims

Of course, the "starting point in every case involving construction of a statute is the language itself." *United States v. Hohri*, 482 U.S. 64, 69 (1987) (*quoting Kelly v. Robinson*, 479 U.S. 36, 43 (1986)). The text of section 121 plainly provides that patents issuing as a result of a Patent Office restriction requirement may not be used as references against other patents which issue from the same application, but which are in separate patents only because of a Patent Office restriction requirement:

> A patent issuing on an application with respect to which a requirement for restriction under this section has been made, or on an application filed as a result of such application, *shall not be*

> *used as a reference* either in the Patent and Trademark Office or in the Courts against a divisional application or against the original application or any patent issued on either of them, if the divisional application is filed before the issuance of the patent on the other application.

35 U.S.C. § 121 (1997) (emphases supplied).

2. The Courts Have Consistently Held That Section 121 Protects Inventors From Double Patenting Claims

The Federal Circuit has repeatedly applied the plain language of section 121 to protect inventors from double patenting claims without the dissent of any of its judges. *See, e.g., Studiengesellschaft Köhle GmbH v. Northern Petrochemical Co.*, 784 F.2d 351, 355, 357-61 (Fed. Cir. 1986) (note especially the concurrence of Judge Newman carefully reviewing the statute and its legislative history); *Texas Instruments, Inc. v. United States Int'l Trade Comm'n*, 988 F.2d 1165, 1179 (Fed. Cir. 1993) ("the protection of section 121 applies and the claims of the later issued '027 patent are protected from an allegation of double patenting"); *Symbol Technologies, Inc. v. Opticon, Inc.*, 935 F.2d 1569, 1580 (Fed. Cir. 1991) ("The safeguard of § 121 therefore applies in this case, and the '297 patent is not available as a reference [for double patenting purposes] against the '186 patent.").

Likewise, the predecessor to the Federal Circuit, the United States Court of Customs and Patent Appeals, interpreted the plain language of section 121 in the same way. For example, in a concurring opinion in *In re*

Zickendraht, 319 F.2d 225 (C.C.P.A. 1963), Judge Rich observed:

> [T]he operation of the rule [of double patenting] is that claims to inventions closely related to the invention claimed in a patent and not patentably distinguishable therefrom must be included in the same patent unless the applicant has been forced to make them in a separate application by a requirement of restriction, in which case section 121 of the statute acts to waive the rule.

319 F.2d at 232. Similarly, in *In re Schneller*, 397 F.2d 350 (C.C.P.A. 1968), Judge Rich wrote for the court: "Neither do we have any requirement of restriction, as provided in 35 U.S.C. § 121, to excuse [double patenting]." *Id.* at 355.[4]

3. The Patent Office Interprets Section 121 To Protect Inventors From Double Patenting Claims

The Patent Office, which is responsible for interpreting the patent law to administer the patent application system, also has recognized that section 121 protects inventors against double patenting claims. In its written opinions, the Patent Office Board of Appeals has expressly prohibited double patenting rejections of a divisional application based upon a patent severed from the same original application as a result of a Patent Office restriction requirement. *See, e.g., Ex parte Camarata*, 151

---

[4] These opinions by Judge Rich belie ASM's claim (ASM's Petition at 23) that Judge Rich understood section 121 to mean something different from the interpretation consistently given by the Federal Circuit on which he still sits.

U.S.P.Q. 739, 739 (Pat. Off. Bd. App. 1966); *Ex parte Nantz*, 141 U.S.P.Q. 523, 529 (Pat. Off. Bd. App. 1963).

The Patent Office's Manual of Patent Examining Procedure ("MPEP") is the agency's official interpretation of the patent law. *Litton Sys., Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1439 (Fed. Cir. 1984). The MPEP also provides that section 121 protects patentees from double patenting claims under circumstances applicable here. At the time the patents involved in this litigation were pending, section 804.01 of the MPEP stated:

> 35 U.S.C. § 121, third sentence, provides that where the Office requires restriction at the national stage, the patent of either the parent or any divisional application thereof conforming to the requirement *cannot be used as a reference against the other*. This apparent *nullification* of *double patenting* as a ground of rejection or invalidity in such cases imposes a heavy burden on the Office to guard against erroneous requirements for restriction where the claims define essentially the same inventions in different language and which, if acquiesced in, might result in the issuance of several patents for the same invention.

M.P.E.P. § 804.01 (5th ed. 1985) (emphases supplied); *see also id.* at § 803.01.

4. The Legislative History Of Section 121 Establishes That Section 121 Protects Inventors From Double Patenting Claims

The primary purpose of including the third sentence of section 121 in the 1952 Patent Act was to protect

against the inherent unfairness which could arise from the division practice of the Patent Office. The examiner could *require* an inventor to restrict or divide his application between claims in a patent application, thus requiring that a second patent application be carved out from the first. Then, the examiner (or a court) could reject the claims of the second application on the basis of the claims of the now patented first application, on the ground of so-called "double patenting." In this way, the inventor would be deprived forever of protection for that portion of his inventive work the examiner decided to divide out. To address this concern, the first printed text of this remedial legislation included the following provision:

> If two or more patents are issued in consequence of a requirement for restriction under this section, no claim of any of said patents may be held invalid solely by reason of its inclusion in a separate patent.

See "Proposed Revision and Amendment of the Patent Laws," characterized as a "Preliminary Draft with Notes" for the Committee on the Judiciary of the House of Representatives, at 21 (Comm. Print January 10, 1950). P.J. Federico, one of the principal drafters of the 1952 Patent Act, confirmed in an accompanying Note that "neither of the resulting patents can be held invalid over the other merely because of their being divided in several patents." *Id.* at 22.[5]

---

[5] ASM's contention that Mr. Federico concluded "section 121 does not address double patenting" (ASM's Petition at 23) is baseless. Mr. Federico squarely confirmed in 1951 that section 121 was intended specifically to eliminate double patenting:

The subsequent legislative history of the 1952 Patent Act confirms that the plain language of section 121 was intended to apply to a double patenting analysis. The preliminary draft was revised and renumbered as section 120 of H.R. 9133, introduced in the 81st Congress, and later, as section 120 of H.R. 3760, introduced in the 82d Congress. The revised drafts omitted the proposed limitation on the term of a divisional patent and narrowed the prohibition against the use of a patent as a reference in determining the validity of a divisional application or parent:

> If two or more patents are issued in consequence of a requirement for restriction under this section, neither patent may be used as a reference against the other for the purpose of section 103 of this title.

See H.R. 9133, 81st Cong., 2d Sess. § 120 (1950); H.R. 3760, 82d Cong., 1st Sess. § 120 (1951).

The hearing record on H.R. 3760 contains the Report of the Laws and Rules Committee of the American Patent Law Association, which states that:

> Section 121 gives statutory expression to division practice and specifically *forbids* the use of either the original or the division as a reference against the other.

(Continued from page 18)

"The intention of *everybody* is that *double patenting* is *eliminated* either in the application stage or in the patent stage . . . . " *See* Proceedings, Mid-Year Meeting, Section of Patent, Trademark, and Copyright Law, American Bar Association, held March 8-10, 1951, Shoreham Hotel, Wash., D.C., Vol. 1 at 257 (attached hereto as Appendix F) (emphases supplied).

Hearings before Subcommittee No. 3 of the Committee on the Judiciary, House of Representatives, Eighty-Second Congress, First Session on H.R. 3760, 82d Cong., 1st Sess., Serial No. 9, at 45 (1951) (emphasis supplied). The revision Note for § 121, in the House and Senate reports accompanying the 1952 Patent Act, summarized the law as follows:

> Neither of the resulting patents can be held invalid over the other merely because of their being divided in several patents.

S. Rep. No. 1979, 82d Cong., 2d Sess. 20, reprinted in 1952 U.S. Code Cong. & Ad. News 2394, 2413; H.R. Rep. No. 1923, 82d Cong., 2d Sess. 20 (1952).

Thus, the legislative history of the 1952 Patent Act compels the conclusion that the third sentence of section 121 was intended to eliminate a double patenting analysis when a patentee was subject to a requirement to restrict.

CONCLUSION

For the foregoing reasons, Applied Materials requests that ASM's Petition For Writ Of Certiorari be denied.

MATTHEW D. POWERS
Counsel of Record
EDWARD R. REINES
WEIL, GOTSHAL & MANGES LLP
2882 Sand Hill Road
Suite 280
Menlo Park, CA 94025
(415) 926-6200
Attorneys for Respondent
Applied Materials, Inc.

DATED: April 18, 1997

APPENDIX A

Don W. Martens
Lowell Anderson
Vito A. Canuso III
KNOBBE, MARTENS, OLSON & BEAR
620 Newport Center Drive
Sixteenth Floor
Newport Beach, CA 92660
(714) 760-0404

Attorneys for Defendants
and Counterclaimants

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

APPLIED MATERIALS, INC., Plaintiff, v. ADVANCED SEMICONDUCTOR MATERIALS AMERICA, INC., EPSILON TECHNOLOGY, INC. doing business as ASM EPITAXY, and ADVANCED SEMICONDUCTOR INTL. N.V., Defendants.	Civil Action No. C-91 20061 RMW DEFENDANTS' CORRECTED POST-TRIAL BRIEF Ctrm: 2

ADVANCED SEMICONDUCTOR MATERIALS AMERICA, INC., EPSILON TECHNOLOGY, INC. doing business as ASM EPITAXY, Counterclaimants, v. APPLIED MATERIALS, INC., Counterdefendant.	)))))))))))	[CITES TO TRIAL TRANSCRIPT PAGES 2435-2510 HAVE BEEN CORRECTED TO REFER TO PAGES 2435A-2510A WHEN NECESSARY]

* * *

V. THE '609 PATENT IS INVALID FOR DOUBLE PATENTING

A. Applied Has Improperly Attempted To Gain 31 Years Of Patent Protection For Its Reactor

A patent has a 17-year life. 35 U.S.C. § 154. The doctrine of double patenting prevents a patentee from extending his patent protection beyond this statutory 17-year period. Under the doctrine of double patenting, a patentee is not permitted to obtain two or more separate patents for the same invention or obvious variants of the same invention. *In re Longi*, 759 F.2d 887, 892 (Fed. Cir. 1985). In this way, the patentee is prevented from obtaining more than 17 years' protection for essentially the same invention. This, however, is precisely what Applied has done here.

Applied first obtained a patent for the invention at issue in this case in 1971, when the '712 patent issued. This patent has long since expired. Applied's protection for the invention claimed in the '712 patent, however, has not. In 1985, just three years before the expiration of the

'712 patent, Applied obtained the '609 patent based on the same original 1969 application as the '712 patent. Applied has not disputed that the claims of the '609 patent are obvious in view of the claims of the '712 patent and the related '496 patent. The '609 patent, however, will not expire until the year 2002. Thus, Applied has obtained 31 years of patent protection for what is admittedly a single invention, or an obvious variant of it. Upon expiration of the '712 patent in 1985, the public gained nothing in exchange for Applied's first 17 years of exclusive rights to its reactor.

B. Section 121 Of The Patent Act Does Not Entitle Applied To 31 Years Of Patent Protection For Its Reactor

Applied concedes that ordinarily a patentee is not entitled to two patents claiming obvious variants of the same invention. Applied, however, attempts to rely upon a narrow exception to this rule set forth in 35 U.S.C. § 121 to justify the 31 years of protection it seeks to maintain for its reactor.

Under Section 121, if the Patent Examiner concludes that a single patent application claims two or more "independent" or "distinct" inventions, the Examiner may impose a restriction requirement, requiring the applicant to pursue each invention through a separate patent application. 35 U.S.C. § 121. The resulting patents, under certain circumstances, may not be used to invalidate each other under the double patenting doctrine. *Id.*; *Gerber Garment Technology, Inc. v. Lectra Systems, Inc.*, 916 F.2d 683, 687 (Fed. Cir. 1990).

Section 121 merely embodies the common sense rule that a patentee is not guilty of improper double patenting if the Patent Office required the patentee to obtain separate patents. *Gerber Garment*, 916 F.2d at 687; *Studiengesellchaft Kohle mbH v. Northern Petrochemical Co.*, 784 F.2d 351, 358-61 (Fed. Cir. 1986) (Newman, J., concurring). To be entitled to the protection of Section 121, however, a patentee must carefully abide by the Examiner's restriction requirement. The patentee may not amend its claims and cross "the line of demarcation between the 'independent and distinct inventions' " identified by the Examiner in his restriction requirement. *Symbol Technologies, Inc. v. Opticon, Inc.*, 935 F.2d 1569, 1579 (Fed. Cir. 1991) (quoting *Gerber Garment*, 916 F.2d at 688). If the patentee does, "consonance" between the distinct inventions is not maintained and the protection of Section 121 does not apply. *Id.* In this case, Applied crossed the line of demarcation.

1. The Examiner Drew The Line Of Demarcation Between Epitaxial Deposition Specifically And Chemical Vapor Deposition Generally

The 1970 restriction requirement identifies the invention of Group III, the invention at issue here, as "a gaseous *epitaxial* coating process." Exh. 15. The Examiner explained his reasons for concluding that the Group III claims constituted a distinct invention in a single sentence:

> The process of Group III is a distinct invention from the apparatus of Groups I and II *which could be used for non-epitaxial deposition.*

Exh. 15 at 38 (emphasis added).

This distinction between epitaxial and non-epitaxial deposition is the only reason given by the Examiner for concluding that the inventions were distinct. As confirmed by ASM's expert, Mr. Carney, this was the distinction, the line of demarcation, drawn by the Examiner.

2. The Examiner Did NOT Conclude That The Inventions Were Distinct Merely Because They Fell Into Separate Classes Or Were Method And Apparatus Inventions

At trial, Applied argued that the separate classification of the three Groups of claims was the reason the inventions were distinct. This argument is meritless.

Most fundamentally, Applied's argument confuses the Examiner's conclusion that two distinct inventions are claimed with the Examiner's discretionary decision to impose a restriction requirement. The relevant statute and regulations make clear that these are two distinct decisions, and instruct the Examiner to list his reasons for each of these decisions separately.

Section 121 states in relevant part:

> *If* two or more independent and distinct inventions are claimed in one [patent] application, the Commissioner *may* require the restriction of the application to one of the inventions.

35 U.S.C. § 121 (emphasis added). By its plain terms, Section 121 requires the Commissioner of Patents (through an Examiner) to make two separate determinations. First, he must determine whether a single patent application claims "two or more independent and distinct inventions." *Id.* Second, he must exercise his discretion and decide whether he will "require the restriction of the application to one of the inventions." *Id.*

Consistent with the statute, the Manual of Patent Examining Procedure instructs Examiners issuing a restriction requirement to state (1) "the reasons . . . why the inventions as claimed are either independent or distinct," and (2) "the reasons for insisting upon restriction therebetween." M.P.E.P. § 806 (Exh. 975). To facilitate compliance, the Examiners are provided with a restriction requirement worksheet, containing pre-printed and numbered paragraphs with blank spaces in which the Examiners are to insert their reasons. *See* Exh. 15 at 35.

The Examiners are explicitly instructed that their "allegation of distinctness," which must "point out facts which show distinctness," should appear in the third paragraph of the worksheet. Thus, by looking to the third paragraph of the Examiner's worksheet, the Court can determine the Examiner's reasons for finding "distinct" inventions.

The PTO printed form for the third paragraph of the worksheet states that "the inventions as above grouped are separate and distinct because___." The Examiner filled in that blank, including that the invention "of Group III is a *distinct* invention" and then stated the factual basis for that conclusion: because "the apparatus

of Groups I and II . . . could be used for non-epitaxial deposition." Exh. 15 at 35 ¶ 12 (emphasis added). This clearly tracks the language of Section 121 and the M.P.E.P. which require the Examiner to determine whether or not two inventions are "distinct" and to "point out the facts which show distinctness." 35 U.S.C. § 121; M.P.E.P. §§ 808(1) and 817(c).

Moreover, the reason given by the Examiner for finding distinctiveness is one of the five reasons listed in Section 817(c) of the MPEP for finding distinctness. The Examiner concluded that the claimed apparatus of Groups I and II could be used for a different (non-epitaxial) process than the claimed invention of Group III. Exh. 15 at 35 ¶ 12, 38 ¶ 12. Section 817(c) of the MPEP specifically lists as a reason for finding distinctness the fact that an "apparatus can be used in other processes."

The Examiners are also explicitly instructed that their "allegation of reasons for insisting upon restriction" i.e., exercising discretion to restrict between the distinct inventions, should appear in the fourth paragraph of the worksheet. They are again given a list of appropriate reasons for insisting upon restriction. M.P.E.P. § 817(1) (Exh. 975). Thus, by looking to the fourth paragraph of the Examiner's worksheet, the Court can determine the Examiner's reasons for exercising his discretion to impose a restriction requirement. The fourth paragraph makes clear that the Examiner had *already* concluded in the third paragraph that the inventions were distinct by referring to "these distinct inventions." Exh. 15 at 36 ¶ 13, at 38 ¶ 13. The fourth paragraph then gives three reasons for exercising his discretion to conclude that "restriction for examination purposes is

* * *

916 F.2d at 688. If Applied crossed the line of demarcation, and claimed non-epitaxial coating processes, the '609 patent is invalid for double patenting. *Id.*

It is undisputed that Applied crossed this line. The claims of the '609 patent are not longer limited to "epitaxially coating" a wafer, as was the invention identified by the Examiner as Group III. Instead, like the issued and expired claims of the '712 and '496 patents, the '609 claims are for "chemical vapor deposition coating" (CVD) of a wafer. Exh. 10, 1. 1; TR. 1567. CVD includes the non-epitaxial depositions of the inventions identified by the Examiner as Groups I and II. TR. 1562, 3089-90. Applied thus crossed this line of demarcation, and Applied presented no evidence to the contrary.

4. The Claims Of The '609 Patent Are Obvious In View Of The '712 And '496 Claims And The Prior Art

ASM's legal expert, Mr. Johnston, explained in detail at trial why Claims 1 and 3 of the '609 patent, the only claims asserted, are obvious over the claims of the '712 and '496 patents. TR. 2622-35; Exh. 969-71. Applied offered no evidence to the contrary and did not cross-examine Mr. Johnston on the subject. The obviousness of the claims of the '609 patent is thus essentially undisputed. Claims 1 and 3 of the '609 patent are therefore invalid for double patenting.

VI. APPLIED'S '609 AND '313 PATENTS ARE INVALID AS OBVIOUS OVER THE PRIOR ART

The presumption that a patent is valid may be rebutted by clear and convincing evidence. *American Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1360 (Fed. Cir.), *cert. denied*, 469 U.S. 821 (1984). A patent claim is invalid if the subject matter of the claim as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art. 35 U.S.C. § 103. In determining invalidity, a person of ordinary skill in the art is presumed to be aware of all the pertinent prior art. *In re Winslow*, 365 F.2d 1017, 1020 (C.C.P.A. 1966).

Under 35 U.S.C. § 103, obviousness is a legal conclusion involving a preliminary determination of four factual inquiries: (1) the scope and content of the prior art; (2) the

* * *

pattern of concealment and misrepresentation that runs throughout all of the McNeilly-Benzing patents. There are multiple acts of inequitable conduct for each of the four McNeilly patents. That pattern of misconduct, concealment and misrepresentation establish a reckless disregard of the truth which justifies an award of attorneys fees and expenses. *See Mathis v. Spears*, 857 F.2d 749, 751 (Fed. Cir. 1988).

The ASM Defendants should be awarded their attorneys fees and expenses incurred in defending against the four McNeilly patents. They should be awarded their fees and expenses incurred in defending against the withdrawn '751 patent as well.

Respectfully submitted,

KNOBBE, MARTENS, OLSON & BEAR

Dated: 8/5/93 By: /s/ Don W. Martens
Don W.Martens
Attorneys for Defendants and
Counterclaimants

APPENDIX B

Don W. Martens
Lowell Anderson
Vito A. Canuso III
KNOBBE, MARTENS, OLSON & BEAR
620 Newport Center Drive
Sixteenth Floor
Newport Beach CA 92660
(714) 760-0404

Attorneys for Defendants
and Counterclaimants

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

APPLIED MATERIALS, INC., Plaintiff, v. ADVANCED SEMICONDUCTOR MATERIALS AMERICA, INC., EPSILON TECHNOLOGY, INC. doing business as ASM EPITAXY, and ADVANCED SEMICONDUCTOR INTL. N.V., Defendants.	Civil Action No. C-91 20061 RMW DEFENDANTS' POST-TRIAL REPLY MEMORANDUM Ctrm: 2 (Judge Ingram)
ADVANCED SEMICONDUCTOR MATERIALS AMERICA, INC., EPSILON TECHNOLOGY, INC. doing business as ASM EPITAXY, Counterclaimants, v. APPLIED MATERIALS, INC., Counterdefendant.	

* * *

C. Applied's Interpretation Of Claims 1 And 4 Necessarily Encompasses Prior Art – (124)

Applied attacks Berkman because the claims require that the improved process occur in the reaction chamber. Applied relies upon Carney's testimony that Berkman does not consider the end isolation zone in his continuous reactor to be part of the "chamber." However, Carney and Peltzer also made it clear that Berkman expressly applies his pre-heat process to a batch reactor. TR. 1520, 2190.

> [I]t should be understood the principle of the invention is applicable to conventional CVD batch reactors in which the substrates or wafers are stationary.

Exh. 565 at col. 7:19-22. In a continuous reactor, each step occurs in a different zone. In a batch reactor, each step necessarily occurs in the same zone. The steps, however, are still the same: a pre-deposition purge of the wafer conducted at elevated temperatures maintained above 180°C.

Applied has offered no argument at all on the testimony of Carney that Claims 1 and 4 cannot be interpreted to cover purging a reactor at above 180°C or it would cover the prior art process disclosed in Table 1 of the Logar patent.[8] *See* TR. 1510 et seq.

---

[8] The prior art process of Table 1 includes applying radiant lamp flux during the predeposition purge to heat the wafer to 850°C (Step 3). *See* ASM's Corr. Brief at 38-39.

III. THE '609 PATENT IS INVALID FOR DOUBLE PATENTING, AND APPLIED OFFERS NO REASONABLE ARGUMENT TO THE CONTRARY (APPLIED BRIEF AT 166)

As the post-trial briefs make clear, the parties have only one serious dispute on the issue of double patenting – the location of the line of demarcation drawn by the Examiner. The line of demarcation separates the "independent and distinct inventions" of the '609 patent and the other McNeilly patents. *See Symbol Technologies, Inc. v. Opticon, Inc.*, 935 F.2d 1569, 1579 (Fed. Cir. 1991).

ASM contends the Examiner drew the line between inventions capable only of epitaxial deposition, and inventions capable of both epitaxial and non-epitaxial deposition. The evidence supporting ASM's position is discussed in ASM's Corr. Brief at 44-48. Applied contends the Examiner drew the line between method claims falling into Class 117 and apparatus claims falling into Classes 118 and 263. Applied's position is meritless.

A. Applied's Argument Is Supported By No Probative Evidence And Ignores 20 Years Of Settled Law

The only support Applied has found for its proposed line of demarcation is the testimony of its legal expert. *See* Applied Br. at 171. That testimony, however, states no facts which support that conclusion. Applied's expert did not explain to the Court the meaning of the disputed restriction requirement in view of the relevant statutes, regulations, or provisions of the *Manual of Patent Examining Procedure*. He merely asserted that "the law as I

understand it" required the Examiner to separate inventions based upon their classification. TR. 3496:24-25. This conclusory testimony as to a question of law is entitled to no weight. *In re Wright*, No. 92-1437, slip op. at 13 (Fed. Cir. July 20, 1993) (copy in Appendix 3); *Becton Dickinson*, 922 F.2d at 797; *Molinaro v. Fannon/Courier Corp.*, 745 F.2d 651, 654 (Fed. Cir. 1984). This Court must decide for itself what the law is.

Moreover, the testimony of Applied's expert is directly contrary to more than 20 years of settled law and administrative practice. As explained in ASM's Corr. Brief, the *Manual of Patent Examining Procedure*, both in 1969 and today, prohibited Examiners from basing a restriction requirement strictly upon the classification of an invention as a method or apparatus. *See* ASM's Corr. Brief at 48 (quoting Exh. 975 - 1970 M.P.E.P. § 806.05(e); M.P.E.P. § 806.05(e) (5th ed. rev. 1992).

Applied's expert testimony is directly contrary to Section 806.05 of the *Manual of Patenting Examining Procedure*. This section sets forth the standards for determining whether or not two "related inventions" are "distinct." Exh. 975: M.P.E.P. § 806.05. The subsections following Section 806.05 then set forth the various relationships between "related" inventions which may or may not be distinct. *See id.* (final paragraph). For example, Sections 806.05(a)-(c) set forth the conditions under which a combination and subcombination are distinct inventions. M.P.E.P. § 806.05(a)-(c). Similarly, Section 806.05(f) sets forth the conditions under which a process and the product made by the process are distinct inventions. M.P.E.P. § 806.05(f).

In this case, the relevant section is Section 806.05(e). There is no dispute that the relationship between the inventions in this case is that they are a "[p]rocess and apparatus for its practice." M.P.E.P. § 806.05(e). Section 806.05(e) deals specifically with this situation.

Section 806.05(e) is quite clear that there are only two circumstances under which such related apparatus and method inventions may be found to be distinct;

> (1) that the process as claimed can be practiced by another materially different apparatus or by hand, or (2) that the apparatus as claimed can be used to practice another and materially different process.

Exh. 975: M.P.E.P. § 806.05(e).

If two inventions were *per se* distinct merely because one was an apparatus and the other was a method, Section 806.05(e) would simply say so, rather than setting forth this elaborate two-part test for determining the distinctness of related apparatus and method inventions. Likewise, if two inventions were *per se* distinct merely because they fell into separate classes, Section 806.05(e) would simply say so. But once again it does not. Instead, it sets forth the two specific circumstances under which related apparatus and method inventions are distinct.

In this case, the condition which justified the Examiner's finding of distinctness is the fact that Applied's "apparatus as claimed can be used to practice another and materially different process." M.P.E.P. § 806.05(e)(2). The Examiner correctly stated that Applied's apparatus as claimed can be used to practice both epitaxial and non-epitaxial chemical vapor deposition, while Applied's

method as claimed at the time of restriction was limited to epitaxial chemical vapor deposition. Applied thus could properly obtain separate patents for these two distinct inventions. *See* 35 U.S.C. § 121; M.P.E.P. § 806.05(e)(2).

* * *

"short description of [the] total extent of the subject matter claimed in each group," and specifies the classification of each group. Exh. 975: M.P.E.P. § 817(A). *See* Applied Br. at 171. Applied simply misunderstands the Examiner's "short description" of the group III invention and offers no evidence in support of its interpretation.

The Examiner described the invention of group III as "a gaseous epitaxial coating process." ASM contends that the word which distinguishes this group III invention from Applied's other inventions is "epitaxial." Applied contends that the word which distinguishes this invention from Applied's other invention is "process." In support of its interpretation, ASM guided the Court through the instructions the Examiner must follow – instructions which require the line of demarcation offered by ASM and forbid the line of demarcation offered by Applied; and ASM guided the Court through the remainder of the Office Action, including Paragraph 12, to show that the Examiner meticulously followed these instructions. ASM's Corr. Brief at 44-49. In support of its interpretation of Paragraph 11, Applied once again offers nothing but the conclusory and unfounded testimony of its expert witness. *See* Applied Br. at 171-74.

B. *Texas Instruments v. ITC* Gives Applied No Support

Confronted with more than 20 years of consistent Patent Office practice, Applied attempts to bolster its position by relying upon *Texas Instruments, Inc. v. U.S. Int'l Trade Comm'n*, 988 F.2d 1165 (Fed. Cir. 1993).

Applied misunderstands the ITC's holding in *Texas Instruments* upon which it relies.[9] In *Texas Instruments*, as in the present case, the Patent Office issued a restriction requirement identifying three inventions, groups I, II and III. *Id.* at 1179. The Examiner identified the invention of group III as "a lead frame for semiconductor devices. . . . " *Id.* However, the actual claims which the Examiner listed in group III did not fit this description. The Examiner included in group III a claim "associated with transfer molding," even though "he described that group not to include transfer molding." *Id.* Faced with a choice between the Examiner's inaccurate description of a group of claims and the claims themselves, the ITC chose the claims themselves. *Id.* The ITC chose "the actual restriction groupings" and not "the written descriptions thereof." *Id.*

---

[9] Applied relies upon a holding of the ITC quoted in a Federal Circuit opinion, not a holding of the Federal Circuit itself. The Federal Circuit in *Texas Instruments* stated only that it agreed with the ITC's ultimate finding that consonance had been maintained. *Texas Instruments*, 988 F.2d at 1179. The Federal Circuit said nothing about the ITC's legal conclusion quoted by Applied as the law of the Federal Circuit.

Correctly understood, the ITC's holding in *Texas Instruments* simply has no relevance to the present case. The ITC held that an Examiner's description of the claims he has grouped together is not controlling if the Examiner has failed to accurately describe the claims he has grouped together. *Id.* Here, none of the parties contend that there is any inconsistency between the claims placed by the Examiner in group III and his description of those claims in the restriction requirement. The parties dispute only what distinction the Examiner drew between the claims of group III and the other claims. As explained in ASM's Con. Brief, a review of the Examiner's restriction requirement and the regulations the Examiner must follow shows that the line of demarcation was drawn between epitaxial deposition specifically and chemical vapor deposition generally. *See* ASM's Corr. Brief at 44-49.

Applied also misapplies the holding of *Texas Instruments* to the facts of this case. Relying upon the ITC's holding that the "actual restriction groupings" are controlling, Applied looks to the Examiner's written description of those groupings in Paragraph 11 of the Office Action. Applied Br. at 174. The opinion in *Texas Instruments* makes clear, however, that the "actual restriction groupings" are the claims themselves, not the Examiner's written description of those claims. *Texas Instruments*, 988 F.2d at 1179. Indeed, it was the Examiner's written description, upon which Applied relies, that the ITC rejected in *Texas Instruments*. *Id.* Thus, Applied's effort to bolster the significance of Paragraph 11 of the Office Action by relying upon *Texas Instruments* is meritless.

C. Applied's Reliance Upon *Symbol Technologies v. Opticon* Is Misplaced

Applied's contention that *Symbol Technologies*, 935 F.2d 1569, supports its position is likewise meritless. Contrary to Applied's apparent contention, the court in *Symbol Technologies* in no way suggested that courts should look to Paragraph 1 of a restriction requirement, rather than Paragraph 3 of a restriction requirement, to find the line of demarcation. *Symbol Technologies* simply does not speak to this issue. Nor does *Symbol Technologies* suggest that a line of demarcation is based upon classification.

In fact, *Symbol Technologies* strongly supports ASM's position. In *Symbol Technologies*, the court expressly rejected the argument that the line of demarcation was drawn between apparatus claims and method claims and permitted the patentee to place both apparatus and method claims in the same patent. *Id.* at 1580. The court reached this conclusion even though the Examiner identified one group as a "method" and another group as an "apparatus." *Id.*

Moreover, the court expressly based its conclusion upon the prevailing Patent Office practice at the time of the restriction requirement. *Id.* The court relied upon the declaration of an expert witness stating that in the electronic arts the PTO has not restricted between claims to an apparatus and to a method of using the apparatus. *Id.* Similarly, ASM has relied upon the *Manual of Patent Examining Procedures* and expert testimony to show that it was not Patent Office practice to restrict between method and apparatus claims except as set forth in Section 806.05(e) of the M.P.E.P. (Exch. 975).

D. Applied's Criticism Of Mr. Carney's Testimony Is Meritless

Mr. Carney testified that the restriction requirement dated January 11, 1971 drew a line of demarcation between inventions having epitaxial deposition and inventions having chemical vapor deposition generally. TR. 1564:15-25. Mr. Carney based his conclusion on a review of the restriction requirement and the instructions which the Examiner must follow in issuing a restriction requirement. TR. 1559:10-1564:23. After reviewing the issued claims of the '609 patent, Mr. Carney concluded that the line of demarcation had been crossed. TR. 1567:2-1570:16.

Applied attempts to discredit Mr. Carney's testimony by relying upon a single, irrelevant misstatement made by Mr. Carney. During his second day of testimony, Mr. Carney stated it was his understanding that Applied crossed the line of demarcation by amending the '609 application very late in the prosecution. TR. 1678:7-9. In fact, the amendment to which Mr. Carney referred occurred early in the prosecution of the '609 patent.

This misstatement is irrelevant because the '609 patent is invalid for double patenting regardless of when Applied crossed the line of demarcation, so long as Applied did cross it for the *issued* claims. *Gerber Garment Tech., Inc. v. Lectra Sys., Inc.*, 916 F.2d 683, 688 (Fed. Cir. 1990) (claims may not be amended to cross the line of demarcation); TR. 1736:21-24. Mr. Carney testified that the line of demarcation was crossed when Applied amended its claims to include non-epitaxial deposition.

TR. 1567:2-1570:6. Whether this occurred at the beginning or end of prosecution is irrelevant, and Applied does not contend otherwise.

Nor does this single misstatement during four days of testimony in any way undermine Mr. Carney's credibility. Mr. Carney's unfamiliarity with the details of the 16 year prosecution of the '609 patent is neither surprising nor relevant to assessing the weight to be given to his testimony. Mr. Carney testified that he did not review the entire prosecution history of the '609 patent and did not need to. TR. 1736:2-14. To determine the line of demarcation, he reviewed the restriction requirement in which the Examiner set that line. TR. 1553:4-10, TR. 1736:2-14. To determine that the line had been crossed, he reviewed the issued claims. TR. 1553:11-13, TR. 1736:2-14. There was no reason for Mr. Carney to review the remainder of the 16 year prosecution history to determine *when* the line of demarcation was crossed because he was not asked to do so and there was no reason to ask him to do so. Again, the time at which Applied crossed the line is not relevant to any issue before this Court.

Applied's other effort to find an inconsistency in Mr. Carney's testimony is strained at best. *See* Applied Br. at 177. Mr. Carney testified that consonance must be maintained throughout prosecution. *Id.* (quoting TR. 1568:7-10). Applied does not dispute that this is an accurate statement. Mr. Carney also testified that consonance is assessed by comparing the restriction requirement to the issued claims, not the intermediate rejected claims. *Id.* (quoting TR. 1751:16-25). Applied does not dispute that this is an accurate statement either. Nevertheless, applied attacks Mr. Carney's credibility by arguing that these two

accurate statements are somehow inconsistent. They are not.

Mr. Carney's statement that consonance must be maintained "throughout the entire pursuit of the claims" simply means that the requirement of consonance never expires, even when, as in this case, the prosecution lasts for 16 years. If consonance is ever broken, the claims which are on the wrong side of the line of demarcation may be invalid for double patenting. *Gerber Garment*, 916 F.2d at 688. However, it would be a meaningless exercise for this Court to determine whether or not *unissued* claims were on the wrong side of the line of demarcation. Thus, as Mr. Carney testified, it is only necessary to look to the issued claims to determine whether any of the issued claims are invalid for double patenting. *See In re Bartfeld*, 925 F.2d 1450, 1453 (Fed. Cir. 1991) ("Double patenting depends entirely on what is claimed in an issued patent."); *see also Ortho Pharm. Corp. v. Smith*, 959 F.2d 936, 943 (Fed. Cir. 1992) ("it is the claims that are compared when assessing double patenting").

Finally, Applied attempts to undermine the testimony of Mr. Carney by misrepresenting the testimony of Mr. Johnston. *See* Applied Br. at 177-78. At no point did Mr. Johnston testify that the claims of the '609 patent are limited to epitaxial deposition. He clearly and unequivocally stated that the claims broadly cover "chemical vapor deposition," and that chemical vapor deposition "includes epitaxial deposition." TR. 3089:22-23. Applied has never before disagreed with this conclusion.

The excerpt of testimony quoted by Applied in no way suggests that Mr. Johnston construed chemical vapor

deposition to be limited to epitaxial deposition. Mr. Johnston was merely quoting a portion of the patent specification describing the background of the invention, and making the obvious point that the '609 patent discusses epitaxial deposition. TR. 3090:18-21. He never even remotely suggested that the *claims* of the '609 patent are limited to epitaxial deposition. On this point, Applied simply misrepresents the record.

* * *

For the reasons discussed in ASM's Corr. Brief, all the patents should be held unenforceable.

Respectfully submitted,

KNOBBE, MARTENS, OLSON & BEAR

Dated 8/20/93

By: /s/ Lowell Anderson
Don W. Martens
Lowell Anderson
Vito A. Canuso III

Attorneys for Defendants and Counterclaimants

PROOF OF SERVICE

I am a citizen of the United States of America and am employed in the offices of the law firm of Knobbe, Martens, Olson & Bear in Newport Beach, California. I am over the age of 18 and not a party to the within action. My business address is 620 Newport Center Drive, 16th Floor, Newport Beach, California 92660. On August 20, 1993 I served the within Defendants' Post-Trial Reply Memorandum on the parties or their counsel shown

below by placing a true copy thereof enclosed in a sealed envelope addressed as follows:

Via Federal Express to:

Matthew D. Powers
Edward R. Reines
WEIL, GOTSHAL & MANGES
2882 Sand Hill Road, Suite 280
Menlo Park, CA 94025

I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Executed on August 20, 1993 at Newport Beach, California.

/s/ Cynthia M. Reichner
Cynthia M. Reichner

APPENDIX C

BRIEF FOR APPELLANTS

IN THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

Appeal Nos. 94-1428,-1466

APPLIED MATERIALS, INC.,

Plaintiff/Cross-Appellant,

vs.

ADVANCED SEMICONDUCTOR MATERIALS AMERICA, INC., EPSILON TECHNOLOGY, INC., d/b/a ASM EPITAXY,

Defendants-Appellants,

and

ADVANCED SEMICONDUCTOR INTERNATIONAL N.V.,

Defendant.

APPEAL FROM DECISIONS OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA IN C-91-20061,
ENTERED JULY 15, 1994 AND AUGUST 11, 1994
JUDGE WILLIAM A. INGRAM

DON W. MARTENS
LOWELL ANDERSON
JOHN B. SGANGA, JR.
VITO A. CANUSO III

KNOBBE, MARTENS, OLSON & BEAR

620 Newport Center Drive, 16th Floor
Newport Beach, California 92660
(714) 760-0404

DONALD R. DUNNER

FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER

1300 Eye Street N.W.
Suite 700
Washington, D.C. 20005
(202) 408-4000

Attorneys for Appellants
ADVANCED SEMICONDUCTOR MATERIALS AMERICA, INC. and EPSILON TECHNOLOGY, INC.

---

* * *

improvement over the claimed invention. The Epsilon One was the first commercially available reactor to process semiconductor wafers individually. A236:2-5. All prior commercial reactors, including Applied's, processed wafers in large batches. A133:4-21. Single-wafer processing allows much more precise quality control than processing batches of wafers. A196:6-14, A237:1-8.

In order to be competitive, however, the Epsilon One also needed to process the wafers at a high rate. To increase the rate at which wafers are processed, the Epsilon One reactor removes and loads the wafers at elevated temperatures of above 850°C. This avoids the time required to cool down and heat up the reactor as is done with conventional batch reactors, and results in a competitive rate of throughput. A547; A140:4-141:14, A165:4-19, A185:6-186:19, A238:13-239:1.

ASM's new single wafer process has been the subject of over 20 U.S. and foreign patents. A350-64; A446-65, A508-26. Applied has adopted ASM's single-wafer technology and is replacing its batch reactors with single-wafer reactors. A134:4-15.

III. SUMMARY OF ARGUMENT

A. The '609 Patent Is Invalid For Double Patenting

The '609 patent issued from a divisional application filed after a restriction requirement. However, the restriction requirement does not immunize the '609 patent from double patenting invalidity because the '609 claims were subsequently amended to cross the line of demarcation between the distinct inventions drawn by the restriction requirement.

The sole question on double patenting before the district court was where the line of demarcation was drawn – between PTO classes or between epitaxial and other CVD

* * *

requirement during prosecution of the original 1969 application.

Under 35 U.S.C. § 121, if the Patent Examiner concludes that a single patent application claims two or more "independent and distinct" inventions, the Examiner may impose a restriction requirement, forcing the applicant to pursue each such invention through a separate patent application. The resulting patents may not be used to

invalidate each other under the double patenting doctrine, if the patentee carefully abides by the Examiner's restriction requirement. *Id.; Gerber Garment Tech., Inc. v. Lectra Sys., Inc.*, 916 F.2d 683, 687-88 (Fed. Cir. 1990). However, if the patentee amends its claims and crosses "the line of demarcation between the 'independent and distinct inventions' " imposed by the Examiner's restriction requirement, "consonance" between the distinct inventions is not maintained and the protection of Section 121 does not apply. *Symbol Tech.*, 935 F.2d at 1579, *quoting Gerber Garment*, 916 F.2d at 688.

The only double patenting issue disputed below was where the line of demarcation was drawn in the PTO restriction requirement between the claims of Groups I and II on the one hand, and those of Group III on the other. Op:22:10-16. The district court erred as a matter of law in finding where the line of demarcation was drawn, leading the district court to an erroneous finding that the line had not been crossed and that 35 U.S.C. § 121 immunized the '609 patent from double patenting. Op:22:10-25:7.

The district court erroneously found that the Patent Examiner drew the line of distinctness according to Patent Office **classification.** Op:23:11-15, 24:25-25:7. That is, the district court concluded that the claims of Groups I and II were drawn to inventions distinct from the invention of Group III because the claims fell into different patent classes. Op:22:19-23, 23:11-15, 24:25-25:; A346 (¶ 11), A349 (¶ 11).

* * *

V. CONCLUSION

For the foregoing reasons, the district court's decision that the '609 patent is not invalid for double patenting or obviousness should be reversed. Likewise, the district court's decision that the Logar patent is infringed under the doctrine of equivalents should also be reversed, and the injunction should be vacated.

Respectfully submitted,

KNOBBE, MARTENS,
OLSON & BEAR

Dated: 10/21/94

By: /s/ Don W. Martens
Don W. Martens
Lowell Anderson
John B. Sganga, Jr.
Vito A. Canuso III
Attorneys for Appellants

APPENDIX D

PETITION FOR REHEARING AND SUGGESTION FOR REHEARING *IN BANC* OF DEFENDANTS-APPELLANTS

IN THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

Appeal Nos. 94-1428,94-1466

APPLIED MATERIALS, INC.,

Plaintiff/Cross-Appellant,

v.

ADVANCED SEMICONDUCTOR MATERIALS AMERICA, INC., and EPSILON TECHNOLOGY, INC., d/b/a/ ASM EPITAXY,

Defendants-Appellants,

and

ADVANCED SEMICONDUCTOR INTERNATIONAL, N.V.,

Defendant.

Appeal from Decisions of the United States District Court for the Northern District of California in C-91-20061
Entered July 15, 1994 and August 11, 1994
Judge William A. Ingram

Of Counsel:
DON W. MARTENS
LOWELL ANDERSON
JOHN B. SGANGA, JR.
VITO A. CANUSO III
KNOBBE, MARTENS, OLSON & BEAR
620 Newport Center Drive
16th Floor
Newport Beach, CA 92660
(714) 760-0404

DONALD R. DUNNER
ALLEN M. SOKAL
FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER, L.L.P.
1300 I Street, N.W.
Washington, D.C. 20005
(202) 408-4000

Attorneys for Defendants-Appellants Advanced Semiconductor Materials America, Inc., and Epsilon Technology Inc., d/b/a ASM Epitaxy

November 21, 1996

I. THE POINTS OF LAW OR FACT OVERLOOKED OR MISAPPREHENDED BY THE PANEL MAJORITY

With all due respect, the panel majority's opinion flies in the face of the statute and clear congressional intent. It creates uncertainty about the validity of potentially thousands of divisional patents and confusion about the law of double patenting by effectively overruling *Gerber Garment Technology, Inc. v. Lectra Systems, Inc.*, 916 F.2d 683, 16 USPQ2d 1436 (Fed. Cir. 1990) while nevertheless purporting to follow it ("[T]he examiner's demarcation among the separate inventions should be preserved." Slip op. at 7.). Succinctly put, the panel majority's opinion undermines 35 U.S.C. § 121, confuses the law of double patenting, and creates a huge loophole in it.

A. The Panel Majority Overlooked § 121's Requirement for Distinctness

More specifically, the panel majority overlooked that the *sine qua non* of § 121 immunity from double patenting is that the patentee must maintain the line of demarcation that prompted the examiner to hold the inventions independent and distinct. Here the patentee indisputably crossed that line and rendered the divisional claims obvious in view of the claims to the elected invention by eliminating from the divisional claims the very limitations that prompted the examiner to hold the claimed inventions distinct and require restriction. Contrary to *Gerber Garment Technology* and § 121's requirement for distinctness, the panel majority held that § 121's immunity applied simply because "the process claims remained in separate patents from the apparatus claims although the scope of the process claims was modified," slip op. at 7, and possibly because "the PTO classification . . . was unchanged," slip op. at 6. Those reasons have never before been sufficient without the statutorily required finding of distinctness.

* * *

drawn to distinct inventions. See Section II, *supra*. Hence, Chief Judge Archer, in his opinion in this case concurring in part and dissenting in part, correctly observed that:

> as *Gerber* and the language of § 121 instruct, the issue is whether the inventions claimed remain independent and distinct. As discussed above, in this case the very reason the examiner said the inventions were distinct – that the method claims were drawn to epitaxial deposition – was eliminated. The modification of the claims to

> cover non-epitaxial deposition resulted in consonance being lost.

Op. of Archer, C.J., at 9.

The majority opinion reasons that the purpose of § 121 is to protect the patentee who has been forced to file a divisional application because the PTO has required restriction. Slip op. at 7-8. The majority opinion overlooks, however, the requirement that the patentee not eliminate the examiner's reason for the statutorily required finding of distinctness. The examiner's finding may be wrong, and the patentee may therefore realize a windfall in obtaining multiple patents and an extended patent term for a single patentable invention, but the price the patentee must pay for that windfall is to maintain the differences between the divided claims that led the examiner to find distinct inventions. If the patentee desires to eliminate those differences, thereby violating consonance, it can either resubmit all claims in a single application and see whether the PTO requires restriction anew, or file a terminal disclaimer. Since Applied did neither, the Court should have held that it discarded the shield of § 121.

The panel majority's decision thus abandons the safeguard against double patenting provided by the examiner's finding of distinctness under § 121. It also renders futile the PTO's repeated warnings to examiners that because of § 121's shield against double patenting, they should never require restriction unless inventions are truly distinct. For example, the MPEP cautions, "Where inventions are related as

* * *

examiner, since the claims have been changed in material respects from the claims at the time the requirement was made. . . . In order for consonance to exist, the line of demarcation between the independent and distinct inventions identified by the examiner in the requirement for restriction must be maintained." MPEP § 804.01 (citing *Gerber Garment Technology, Inc. v. Lectra Systems, Inc.*, 916 F.2d 683, 16 USPQ2d 1436 (Fed. Cir. 1990)). Applied manifestly changed the process claims in a material respect, since it eliminated the very limitation that prompted the examiner to hold the claimed inventions distinct, rendering them patentably indistinct.

IV. THE PANEL MAJORITY'S DECISION HAS FAR-REACHING IMPLICATIONS

As Chief Judge Archer suggested, the decision in this case has broad implications extending far beyond this case. Most restriction requirements are between claims to separate statutory classes of invention, such as apparatus and process for operating it, or product and process for making it, that the PTO has found distinct. Whenever the patentee amends the resulting divisional application to eliminate the reason the examiner found the inventions distinct and maintains only the separate statutory classes of invention in the separate patents, as Applied did in this case, the holding in this case will control the outcome, for the majority opinion states, "[C]onsonance was not violated, for the process claims remained in separate patents from the apparatus claims although the scope of the process claims was modified." Slip op. at 7. The

majority opinion offers no reason for holding that Applied maintained consonance other than the separate patenting of apparatus and process claims. As Chief Judge Archer observed, however, "This is not the proper test and begs the very question we are to answer. Under this analysis no patent could ever be

* * *

foreseeable future. The Court therefore should grant the Petition for Rehearing and Suggestion for Rehearing in Banc.

Date: November 21, 1996

Respectfully submitted,

/s/ Allen M. Sokal
Donald R. Dunner, Esq.
Allen M. Sokal, Esq.
Attorney for Defendants-Appellants
Advanced Semiconductor Materials America, Inc., and Epsilon Technology Inc., doing business as ASM Epitaxy

Of Counsel:

Don W. Martens
Lowell Anderson
John B. Sganga, Jr.
Vito A. Canuso III
KNOBBE, MARTENS, OLSON & BEAR
620 Newport Center Drive, 16 Floor
Newport Beach, California 92660
(714) 760-0404

APPENDIX E

Don W. Martens (Bar No. 35477)
James F. Lesniak (Bar No. 115889)
Frederick S. Berretta (Bar No. 144757)
KNOBBE, MARTENS, OLSON & BEAR, LLP
620 Newport Center Drive
Sixteenth Floor
Newport Beach, CA 92660
(714) 760-0404

Edward F. Mullowney (Bar No. 151557)
Mark D. Rowland (Bar No. 157862)
Vicki S. Veenker (Bar No. 158669)
FISH & NEAVE
525 University Avenue, Suite 300
Palo Alto, CA 94301
(415) 617-4000

Richard J. Gray (Bar No. 113770)
Mark E. Waite (Bar No. 161367)
BERGESON, ELIOPOULOS, GRADY & GRAY
Ten Almaden Boulevard, Suite 200
San Jose, CA 95113
(408) 291-6200

Attorneys for ADVANCED
SEMICONDUCTOR MATERIALS AMERICA, INC.

IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA
– SAN JOSE DIVISION

APPLIED MATERIALS, INC., Plaintiff, v. ADVANCED SEMICONDUCTOR MATERIALS AMERICA, INC., EPSILON TECHNOLOGY INC., doing business as ASM EPITAXY, and ADVANCED SEMICONDUCTOR MATERIALS INTERNATIONAL N.V., Defendants. AND RELATED ACTIONS	Civil Action Nos. C-91-20061 RMW C-92-20643 RMW C-95-20003 RMW C-95-20586 RMW **ASMA'S MOTION TO SET CLAIM CONSTRUCTION HEARING** Date: April 11, 1997 Time: 9:00 a.m. Ctrm: 6 Honorable Ronald M. Whyte **[CONFIDENTIAL – TO BE FILED UNDER SEAL PURSUANT TO THE REVISED SECOND AMENDED PROTECTIVE ORDER ENTERED ON SEPTEMBER 3, 1996 BY JUDGE WHYTE]**

* * *

Applied's patents do not give it the right to make or sell the Centura; they only confer the right to exclude others from practicing the patented invention. *King Instruments Corp. v. Perego*, 65 F.3d 941, 947 (Fed. Cir. 1995). Accordingly, it is axiomatic that a product embodying one patent may nevertheless infringe another patent,

and therefore cannot be lawfully made or sold absent the consent of the owner of the other patent:

> Two patents may both be valid when the second is an improvement on the first, in which event, if the second includes the first, **neither of the two patentees can lawfully use the invention of the other** without the other's consent.

Cantrell v. Wallick, 117 U.S. 689, 694, 6 S. Ct. 970, 973 (1886) (emphasis added).

B. The Hypothetical Lost Profits Analysis Must Be Performed Assuming A Market Free Of Infringement In Which Only Lawful Sales Are Made

The Federal Circuit has authorized use of the *Panduit* four-factor test for a patent owner to prove entitlement to lost profits as a measure of damages. The *Panduit* test places the burden on the patent owner to establish:

> (1) demand for the patented product; (2) absence of acceptable non-infringing substitutes; (3) **manufacturing and marketing capability to exploit the demand;** and (4) the amount of the profit it would have made.

Rite-Hite Corp. v. Kelley Co., 56 F.3d 1538, 1545 (Fed. Cir. 1995) (*citing Panduit Corp. v. Stahlin Bros. Fibre Works, Inc.*, 575 F.2d 1152, 1156 (6th Cir. 1978) (emphasis added)). A predicate to proving the third prong of the *Panduit* test – capability to exploit the demand – is that the patent owner could have lawfully sold its product. Applied will be unable to sustain its burden on this prong of the test if its Centura is found to infringe ASMA's patents. If Applied was not entitled to sell the infringing Centura in

the first place, it should not be able to claim damages based on lost sales of those infringing reactors.

In a number of contexts, the courts have held that the hypothetical market considered for purposes of a lost profits analysis must be *infringement-free*. In *Bio-Rad Labs., Inc. v. Pharmacia, Inc.*, 1990 U.S. Dist. LEXIS 18512, *6-7 (N.D. Cal. Nov. 20, 1990) (J. Brennan), a patent infringement suit in which the patent owner's product was alleged to infringe the defendant's patent, this Court stated that:

* * *

For the foregoing reasons, ASMA respectfully requests that the Court grant its Motion and set a claim construction hearing and associated briefing schedule in ASMA's spider and ring cases, before the trial of the damages cases commences.

Respectfully submitted,

KNOBBE, MARTENS,
OLSON & BEAR, LLP

Dated: February 13, 1997

By: /s/ John B. Sganga, Jr./SLL
John B. Sganga, Jr.
Attorneys for ADVANCED SEMICONDUCTOR MATERIALS AMERICA, INC.

APPENDIX F

PROCEEDINGS

Mid-Year Meeting

SECTION OF PATENT, TRADE-MARK
AND COPYRIGHT LAW
AMERICAN BAR ASSOCIATION

Vol. I

March 8-10, 1951
Shoreham Hotel
Washington, D. C.

The MASTER REPORTING COMPANY, Inc.
Law Stenography • Conventions • General Reporting

CHICAGO
540 NORTH MICHIGAN AVENUE
Superior 3266

CLEVELAND
STANDARD BUILDING
Main 0894

NEW YORK
51 MADISON AVENUE
Murray Hill 3-6667

WASHINGTON
NATIONAL PRESS BUILDING
National 8558

TABLE OF CONTENTS

Page

Thursday Morning Session
March 8, 1951

A consideration and discussion, section by section of H.R. 9133, A Bill to revise and codify the laws relating to patents and the Patent Office, and to enact into law title 35 of the United States Code entitled "Patents".

MR. FEDERICO: "A patent issuing on an application with respect to which a requirement for restriction under this section has been made, or on an application . . . "

MR. KLEIN: Then you see the objection is valid, because there is nothing in that section; both of those earlier classes then relate to a patent and do not bind the Patent Office.

MR. FEDERICO: Let me say there has been a good deal of dispute about this language. Read the cancelled sentence: "If two or more patents are issued in consequence of a requirement for restriction under this section, neither patent may be used as a reference against the other for the purposes of [p. 257] Sec. 103 of this title." That was written in reference to patents, with the understanding that the statute said that a patent was valid; obviously, the Office could not reject for the reason that the statute said it was valid, that the application would automatically take care of itself. The Coordinating Committee was dissatisfied with the thought that the Patent Office might have some sense now and then and worked out this capitalized language to try to express the idea that it could not be done either in the application stage or in the patent stage.

The intention of everybody involved is that double patenting is eliminated either in the application stage or in the patent stage, and you might take that as the sense of that section. Whether the cancelled sentence is too cryptic and the other one perhaps too elaborate, in either case that was the intention.